

M/049/009

FAX**Date** 02/14/97**Number of pages including cover sheet** 4**TO:** Tony Gallegos
Utah DOGM**Phone****Fax Phone****FROM:** Tom Gast
Environmental
Management Svcs. Co
2301 Research Blvd.,
Suite 103
Fort Collins, CO 80526**Phone** (970) 482-9624**Fax Phone** (970) 482-9619**CC:****REMARKS:** ☐ Urgent ☒ For your review ☐ Reply ASAP ☐ Please Comment

Tony:

As we discussed yesterday, following you will find the cost basis we are using for the Burgin Permit transfer. I would appreciate your comments regarding the cost format and the cost factors that we are using. It is understood that there is no way for you to comment on the total costs or the closure/reclamation plan without seeing it and that all we are looking at is the reasonableness of the unit costs. The complete operating and closure/reclamation plans should be forwarded by the end of the month.

Thanks for your help.

-NOTES BY *qa*
2/25/97 PHONE CALL
TO TOM GAST

6.5.1 Burgin No. 2 Area Closure and Reclamation Unit Costs

1.) Structure, Equipment and Headframe Removal; and, Closing Shaft:

Note: The Burgin No. 2 Headframe, Hoist, and Compressor will be moved to the Burgin No. 3 Shaft and Removal Costs are Considered there. The No. 2 Shaft will be fenced as part of the Operations Plan. The Office, Laboratory and Shops will remain in-place at the Owner's Request to support future Exploration, Development and Production Activities.

Building Removal	400 hrs @ \$25	\$10,000.00
Equip. Removal	320 hrs @ \$25	\$8,000.00
Headframe Removal	00 hrs @ \$25	\$000.00
Close Shaft	00 ft. @ \$10	\$000.00
Sm. Crane & Oper.	64 hrs @ \$125	\$8,000.00
Lg. Crane & Oper.	24 hrs. @ \$175	\$4,200.00
Lowboy and driver	60 hrs @ \$80	\$4,800.00
Foundation Ripping and Covering	20 hrs @ \$106	\$2,120.00
Supervision	200 hrs @ \$36	\$7,200.00
Total		\$44,320.00

Source: Sunshine Mining Engineering Estimate

2.) General Site Cleanup and Trash Removal: \$25.00/hr. x 2 hr./ac. = \$50.00/ac. *OK*

3.) General Grading (per UDOGM Estimates): \$683.00 per ac. *HIGH FOR GENERAL GRADING
OK FOR SLOPES &?*

4.) Ripping or Final Grading:

[(2 mph x 5,280 ft./mi. x 12 ft.) , 43,560 ft./ac.] x 0.80 availability = 2.32 ac./hr.
\$106.00/hr. @ 2.32 ac./hr = \$45.70/ac.

5.) Rill and Gully Repair:

[\$25.00/hr. x 8 hrs./ac.] + [\$106.00/hr. x 2 hrs./ac.] = \$412.00/ac. *OK*

6.) Seedbed Material Sampling (2 samples per site):

Labor (1 hr.)	\$25.00
Materials	\$1.00
Lab. Costs	\$40.00
Total per site:	\$66.00

7.) Manual Surface Roughening: \$25.00/hr. x 8 hrs./ac. = \$200.00/ac. *OK*

HAND LABOR ↑

8.) Manual Broadcast Fertilization:

Labor (2 hr.)	\$50.00
Equipment	\$1.00
Materials	\$35.00
Total	\$86.00

APPLICATION RATE
& TYPE

\$86/ACRE

9.) Manual Broadcast Seeding:

$$[\$25.00/\text{hr. (labor)} \times 2.0 \text{ hr./ac.}] + \$1.00/\text{ac. (equipment)} = \$51.00/\text{ac.}$$

10.) Seed Mixture Cost: \$174.00/ac. ✓

11.) Hydromulching (per acre):

Labor (6 hr.)	\$150.00
Equipment (3 hr.)	\$198.00
Materials	\$350.00
Total	\$698.00

PER ACRE

$$\leftarrow \text{PER SITE} \Rightarrow 6 \text{ sites}$$

12.) Mobilization/Demobilization: (Estimated) = \$2,000.00

13.) Revegetation Success Evaluation (included with other tasks) = \$000.00

6.5.2 Burgin No. 2 Area Closure and Reclamation Cost Estimate

Prepared by:

Environmental Management Services Company and Cedar Creek Associates

Description	Units	Cost / Unit	Item Cost
1.) Structure, Equipment and Headframe Removal; and Shaft Fencing:	lump sum	\$44,320.00	\$44,320.00
2.) General Site Cleanup and Trash Removal:	3.0 ac.	\$50.00	\$150.00
3.) Regrade and Rip Access Road:	0.1 ac.	\$729.00	\$73.00
4.) Final Grading of Level Portion of Pad:	6.0 ac.	\$45.70	\$274.00
5.) Construct Diversion Ditch:	1,000 ft.	\$4.00	\$4,000.00
6.) Rill and Gully Repair:	2.0 ac.	\$412.00	\$824.00
7.) Seedbed Prep., Fertilization (Road):	0.1 acs.	\$287.00	\$29.00
8.) Manual Broadcast Seeding & Cover (Road):	0.1 acs.	\$425.00	\$43.00
9.) Hydromulching:	0.1 acs.	\$698.00	\$70.00
10.) Mobilization/Demobilization:	lump sum	\$2,000.00	\$2,000.00
Subtotal			\$51,783.00
10% Contingency			\$5,178.00
1997 Total Costs			\$56,961.00
7 yr. Escalation (2.42% per yr.)			\$10,378.00
Total in Year 2004			\$67,339.00

2.52%

7 yrs - or